



December 31 1998

FAR EAST

James Pringle reports from Beijing on a deepening political chill

## China 'has abandoned socialism'

CHINA'S leading hardline leftist figure has launched an ideological attack on Communist Party reformers, saying that they had abandoned socialism, it was reported in Beijing yesterday.

As the political chill in Beijing deepens and yet another dissident trial seems likely, Deng Liqun, 84, the former propaganda chief, said that the sale of state-run enterprises had transformed workers from masters into "hired hands of bosses".

"In their hearts, it is no longer only socialism that can save China but only capitalism that can save China," said Mr Deng, who has been little heard of in recent years but is still China's leading and most influential leftist figure.

"The rights of the overwhelming majority of people would be guaranteed if state-owned enterprises were in the hands of Marxists and Leninists," he added in a speech reprinted in this month's issue of the magazine *Midstream*.

Mr Deng's remarks are being seen here as part of the broader political crackdown that has gripped China in the past few weeks and demonstrated in attacks on political dissidents, with several being sentenced to long jail terms for trying to set up a democratic party.



[Next page:](#)  
[Leaders rattled by sick economy](#)

[Info Times specials, including](#)

- [Getting Wired](#)
- [Fast Track 100](#)
- [On the Net](#)
- [Grand Tour](#)
- [Lazio](#)
- [University Guide](#)
- [Parent Power](#)

President Jiang Zemin, a relative moderate, has twice stated in speeches in the past two weeks that subversion would be "nipped in the bud".

Mr Deng - who is not related to China's late reforming leader, Deng Xiaoping - said the role of the state sector in the economy had been reduced to one third this year from three quarters last year.

He added: "Public ownership should be the mainstay and non-public ownership supplementary." Mr Deng cited one unidentified city, which he said had sold 1,771 state enterprises, or more than 90 per cent of the total number of such enterprises.

He indicated the extent of the problem when he said that there were about 30 million laid-off workers still receiving part of their pay; they had 50 million dependants. Committed Marxists led by Mr Deng have made no secret of their opposition to the sweeping reforms endorsed by the party this past year and aimed at thrusting state firms into the marketplace.

In the meantime, a Chinese dissident who lives in Spain and who was detained last month after entering China may stand trial soon for "endangering state security", a Hong Kong human rights group said.

Wang Ce, 54, who left China in 1984 to prepare his doctorate in political science and has lived in Hawaii and Spain, where he was given political asylum, was arrested after entering China from Portuguese Macau and travelling to the central city of Hangzhou.

At the same time, China announced yesterday that its economy grew by a remarkably brisk 7.8 per cent this year, just off its 8 per cent target, and a considerable achievement, given the Asian financial crisis and widespread floods. Anything less than 8 per cent would have created a

further unemployment crisis, officials had said. But 7.8 per cent is considered near enough to be a triumph and to be a sign that big problems have been avoided.

However, economists in Beijing said that the rapid expansion in gross domestic product was almost too good to be true in a region suffering its worst slump since the Second World War and added that local officials may be massaging the figures to please the leadership.

The Government largely depends for its legitimacy on delivering growth and thus providing jobs for a huge population, and it was worried that missing the target by a wide margin would trigger a loss of confidence in the economy and possibly ignite social turmoil.

At the same time, there is clearly trouble ahead, given a slump in domestic demand. Already, state banks are again lending to the loss-making state sector.

"The GDP figure is dubious" said one Chinese economist yesterday. "There must be some local governments trying to please Beijing by reporting inflated statistics."

China's startling GDP growth puts the country far ahead of every major Asian economy this year. By contrast, Indonesia's economy is expected to have shrunk by 14.8 per cent this year, Hong Kong's by 5.3 per cent and Malaysia's by 6.3 per cent.

Observers of the energy sector have noted that official GDP figures do not square with a sharply slower growth in electricity demand.

Electricity consumption in many parts of China has declined this year for the first time in two decades. That is seen as an indication of the slowdown in the Chinese economy, according to one state-run newspaper.

[Next page: Leaders rattled by sick economy](#)

[Arts \(Mon - Fri\)](#) | [Books \(Sat\) \(Thu\)](#) | [British News](#) |  
[Business](#) | [Court page](#) | [Features \(Mon - Fri\)](#) | [Go \(Sat\)](#) |  
[Metro \(Sat\)](#) | [Obituaries](#) | [Interface \(Wed\)](#) | [Opinion](#) |  
[Sport](#) | [Travel \(Sat\) \(Thu\)](#) | [Vision \(Sat\)](#) | [Weather](#) |  
[Weekend \(Sat\)](#) | [Weekend Money \(Sat\)](#) | [World News](#)

---

[Copyright 1998](#) Times Newspapers Ltd. This service is provided on Times Newspapers' [standard terms and conditions](#). To inquire about a licence to reproduce material from The Times, visit the [Syndication website](#).

